

HIAG

Half-Year Report

19

2019 Half-Year Report

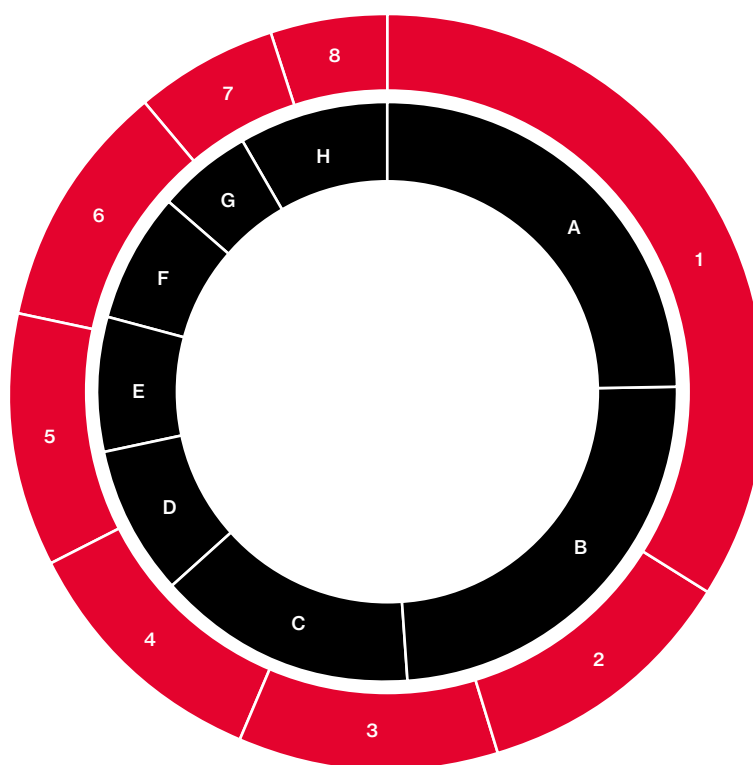
**Respecting and increasing
the value of industrial
properties in Switzerland
leads to long-lasting success.**

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Key Facts in a Nutshell

Key Figures



● according to use
● according to canton

Market value of real estate properties by type of use as at 30.06.2019

1	Industry, commercial	33.9%
2	Residential	11.4%
3	Retail	11.2%
4	Office	11.0%
5	Distribution, logistics	10.9%
6	Building land	10.6%
7	Residential and commercial	6.0%
8	Miscellaneous	5.0%

Market value of real estate properties by canton as at 30.06.2019

A	Aargau	24.9%
B	Zurich	24.0%
C	Geneva	14.7%
D	Zug	8.2%
E	Solothurn	7.6%
F	Baselland	7.0%
G	St. Gallen	5.5%
H	Miscellaneous	8.1%

87%

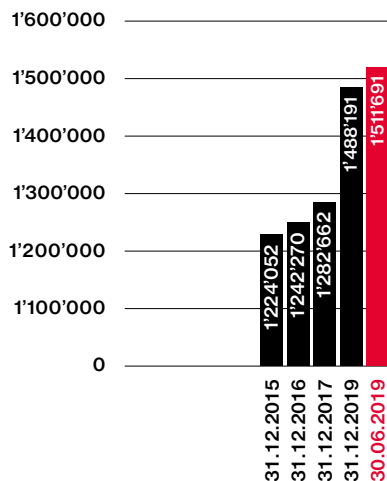
of HIAG real estate portfolio is situated in the Zurich/Zug, Baden/Brugg, Basel, Geneva and Solothurn.

Key Facts in a Nutshell

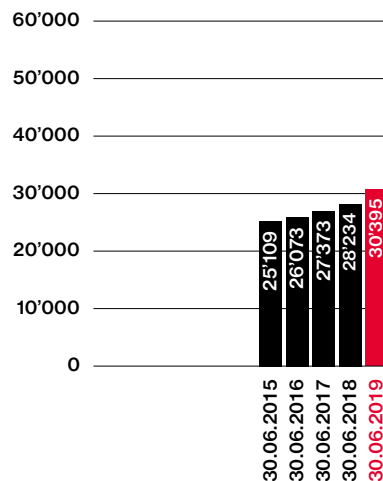
Key Figures

Real estate, property income, net income

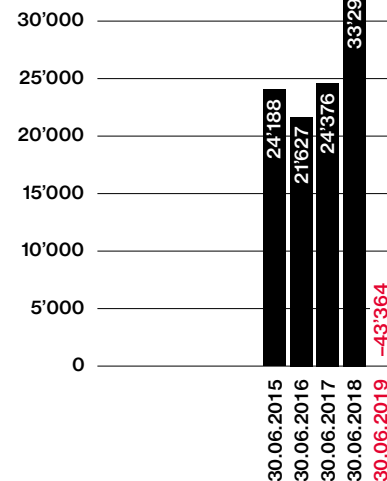
Real estate portfolio in TCHF



Property income in TCHF



Net income in TCHF



Key financial figures

in TCHF	H1 19	H1 18
Property income	30'395	28'234
Revaluation of properties	-26'015	26'722
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-45'096	43'347
Net income	-43'364	33'296
Cash flow from operating activities incl. sales promotion	-6'252	22'287

in TCHF	30.06.2019	31.12.2018
Cash and cash equivalents	34'417	34'531
Shareholders' equity	699'470	784'863
Equity ratio	43.2%	49.1%
LTV ratio	48.8%	43.4%
Balance sheet total	1'618'859	1'598'935
Employee headcount	85	62
- thereof building maintenance and administration	17	17
- thereof Jaeger et Bosshard SA (acquisition May 2019)	14	0

Key Facts in a Nutshell

Key Figures

Key portfolio figures

in TCHF	30.06.2019	31.12.2018
Real estate portfolio	1'511'691	1'488'191
Yielding portfolio	1'008'348	1'027'868
Property development portfolio	503'343	460'323
Real estate portfolio (number of real estate properties)	115	114
Number of redevelopment properties	48	45
Investments in real estate	51'934	158'773
Annualised rental income in CHF million	60.0	60.9
Vacancy rate for investment properties	12.2%	12.1%
Vacancy rate for investment properties undergoing repositioning ¹	37.0%	39.7%
Vacancy rate for redevelopment properties	15.2%	13.6%

¹ Properties Mandachstrasse 50–56 ZH and Sternenfeldpark 14 BL

EPRA figures

in TCHF	H1 19	H1 18
Adjusted EPRA Earnings	-5'249	18'320

in TCHF	30.06.2019	31.12.2018
EPRA NAV	773'885	867'054
Equity ratio according to EPRA NAV	47.8%	54.2%
EPRA vacancy rate	14.3%	14.4%
Adjusted EPRA vacancy rate (excl. investment properties undergoing repositioning) ¹	12.1%	12.1%
Adjusted EPRA cost ratio (yielding portfolio incl. direct vacancy rate)	25.5%	22.8%
Adjusted EPRA cost ratio (yielding portfolio excl. direct vacancy rate)	24.4%	21.8%

¹ Properties Mandachstrasse 50–56 ZH and Sternenfeldpark 14 BL

Key figures per share

in CHF	H1 19	H1 18
Earnings per share (EPS)	-5.42	4.14
Earnings per share without revaluation of properties	-2.17	0.82

in CHF	30.06.2019	31.12.2018
Shareholders' equity (NAV) per outstanding registered share, before deferred taxes	96.56	108.55
Shareholders' equity (NAV) per outstanding registered share, after deferred taxes	87.43	98.18

Letter to Shareholders



Dear Shareholders

In the first half of 2019, HIAG was confronted with several extraordinary challenges. In April, the long-standing CEO retired from management and until the new CEO, the real estate expert Marco Feusi, will start, I took over the interim chairmanship of the management, in addition to my function as Chairman of the Board of Directors. In June HIAG and SIX decided to end the evaluation of a partnership for the development and distribution of a Secure Swiss Cloud Service for the Swiss financial market.

Letter to Shareholders

The broader research to find further qualified partners to finance the project of the multicloud platform did not produce the desired result and the Board of Directors decided in August to stop the development of the multicloud platform and focus the company again on the real estate business. Then, at the end of June, the bankruptcy of the chemical company Rohner AG, Pratteln, the third largest tenant of HIAG, was opened. This resulted in an impact of around CHF 45 million against the 2019 half-year result for revaluation losses and provisions, including for the dismantling of the production infrastructure and the rehabilitation of the Pratteln site.

In contrast to these extraordinary events, the core business of HIAG Immobilien developed positively in the first half of 2019. HIAG increased collected property income by 7.7% to CHF 30.4 million in the first half of 2019. However, despite the successful completion of various development projects, due to the bankruptcy of Rohner AG, Pratteln, the annualised property income of CHF 60.0 million is 1.4% below the comparable figure at the end of 2018. The EPRA equity ratio at the end of June was 47.8%.

Following the successful placement of a CHF 150 million fixed-rate bond with a coupon of 0.875% and a term of 5 years, the weighted average term of debt increased significantly from 2.8 to 3.1 years. The vacancy rate remained stable at 14.4%. The portfolio also has a solid weighted average lease term (WALT) of 9.5 years. In view of the major challenges of recent months, the Board of Directors has already decided today to propose to the Annual General Meeting on 23 April 2020 that no dividend be paid.

Follow-up costs from the bankruptcy of Rohner AG, Pratteln

After no new tenant for the insolvent Rohner AG had been found until now despite discussions with various interested parties, HIAG decided to initiate the development of the site taken over from Rohner AG in 2018 as part of a sale and leaseback transaction in close proximity of Pratteln railway station about 15 years before the initially planned date. The follow-up costs from the bankruptcy of Rohner AG impacted the half-year result by around CHF 45 million.

Termination of the development of an own multicloud platform

After the termination of the partnership with SIX for the development and distribution of a Secure Swiss Cloud Service for the Swiss financial market, HIAG opened the project for qualified partners. As no new investors could be attracted within the time frame set by the Board of Directors, the Board of Directors unanimously decided on 13 August 2019 to end the development of its own multicloud platform and to focus HIAG on its core real estate development business. The subsidiary HIAG Data AG and CIS Operations AG will be restructured and geared towards the digital development of the HIAG sites, whereby some of the existing hardware and software will continue to be used. As the decision was taken by the Board of Directors after the balance sheet date, the balance sheet and income statement as at 30 June 2019 were not affected. The possible impact on the financial statements as at 31 December 2019 is described in detail in the financial section of this half-year report.

Letter to Shareholders

Proven real estate expert takes over as Chairman of the Executive Board at the beginning of 2020

The new CEO, Marco Feusi, has extensive experience in demanding valuation and advisory mandates, including for listed companies, pension funds and real estate developers. The graduate architect HTL is a Chartered Surveyor MRICS and holds a MAS ETH MTEC/BWI. Marco Feusi has been working for Wüest Partner AG for 18 years, since 2003 as a partner and since 2017 as Chairman of the Management Board of the consulting company focused on the real estate industry. With the nomination of Marco Feusi, the Board of Directors has deliberately strengthened the real estate competence of HIAG.

Successful completion of real estate projects and further successes in redevelopment projects

In the first half of 2019, development or renovation projects were completed on schedule on three sites. In Wetzikon, the renovation of Usterstrasse with nine apartments was completed. All apartments have already been let.

In Neuchâtel, Migros and Denner opened new stores in May in the commercial centre Les Cadolles, followed in June by another long-term tenant in the form of a pharmacy.

The first two projects on the Walzmühle site in Frauenfeld were completed during the reporting period. Most office and commercial tenants, including the Swiss mail-order pharmacy “Zur Rose” and the bakery “Stähli”, have already moved in. The open day at the Walzmühle, at which the eight loft houses and nine loft apartments were presented to the public at the end of August, met with a great response. Some units have already been reserved or rented. And by the end of the year, the Walzmühle site will be better connected to public transport with a new bus stop.

In the redevelopment portfolio great progress were made especially on the HIAG Technology Campus “The Hive” in Meyrin with the signing of the rental agreement with the listed electrical components manufacturer LEM and the granting of the building permit for the “Pavillon Luigia”. The new building for the new LEM headquarters in Geneva for LEM includes around 7,000 m² with office space as well as two floors for the research and development unit and a production unit. Tenants Regus and Hewlett Packard Enterprise will move into their space in the “Hive 1” building during the second half of the year.

The last two units of the “The Cloud” project apartments in Baar are reserved and the sale should be completed in the second half of the year. HIAG would thus have successfully completed all condominium ownership projects of recent years.

Strategic acquisition in Lancy completes development area in Geneva's Lancy district

With the acquisition of Jaeger et Bosshard SA, HIAG completes its “Porte Sud” site in Geneva. In the course of the transaction, HIAG acquires the 4,457 m² property held by Jaeger et Bosshard SA under building right. The HIAG site in the Lancy district of Geneva now covers a total area of 13,362 m² following the acquisition. Today, HIAG is the sole private owner of the “Porte Sud” in the immediate vicinity of the Stade de Genève. This acquisition marks an important milestone in the development of the site, which is connected to the central station Geneva-Annemasse (F) railway line and the future Lancy Bachet railway station.

Letter to Shareholders

Outlook

The second half of 2019 will be affected by the restructuring of HIAG Data AG and CIS Operations AG. In order to reduce costs, HIAG has initiated an action plan. These include in particular the digital development of the Biberist site, a possible sale of the network, the migration of existing customers to other service providers or the early termination of existing contracts.

The costs related to the bankruptcy of Rohner AG, Pratteln, will also have a significant impact on the core business of real estate development. This applies in particular to rental income, revaluation of properties and real estate operating costs.

HIAG has a solid financing structure and is well positioned to move into the future strengthened after “Annus Horribilis” 2019 and to successfully implement its focus on real estate development. HIAG is owner an attractive real estate and development portfolio. In addition, with the appointment of the real estate expert Marco Feusi as CEO as of January 2020 and the election of the real estate entrepreneur Balz Halter to the Board of Directors at the 2019 Annual General Meeting two proven industry specialists will strengthen HIAG's management.



Dr. Felix Grisard
President of the Board of Directors and CEO ad interim

Financial Report

Consolidated Half-Year

Financial Statements

30 June 2019

(in accordance with
Swiss GAAP FER)

Consolidated Balance Sheet

in TCHF		30.06.2019	31.12.2018
Cash and cash equivalents		34'417	34'531
Trade receivables		4'127	3'136
Other current receivables		16'277	15'293
Inventory		647	-
Other current financial assets		367	320
Other current financial assets from shareholders		-	2'010
Properties for sale	1	8'774	11'780
Prepayments and accrued income		9'458	8'443
Current assets		74'067	75'512
Other non-current receivables		2'554	2'554
Real estate properties	1	1'502'917	1'476'411
Other property, plant and equipment	2	35'269	40'401
Intangible assets	2	20	25
Financial assets		1'701	1'307
Financial assets from shareholders		2'330	2'725
Non-current assets		1'544'792	1'523'423
Total assets		1'618'859	1'598'935

Financial Report

Consolidated Balance Sheet

in TCHF		30.06.2019	31.12.2018
Current financial liabilities	3	58'401	14'640
Trade payables		4'340	3'522
Other current liabilities		8'645	8'650
Current provisions	8	22'119	3'324
Tax liabilities		435	1'462
Accrued liabilities and deferred income		17'089	13'966
Current liabilities		111'029	45'564
Non-current financial liabilities	3	735'250	687'337
Non-current provisions		75	100
Deferred taxes		73'035	82'871
Non-current liabilities		808'360	770'308
Total liabilities		919'389	815'872
Share capital		8'050	8'050
Capital reserves		7'884	21'733
Treasury shares		-6'081	-6'921
Retained earnings		689'617	762'000
Shareholders' equity excl. minority interests	13	699'470	784'863
Minority interests		-	-1'800
Shareholders' equity incl. minority interests		699'470	783'063
Total liabilities and shareholders' equity		1'618'859	1'598'935

Financial Report

Consolidated Income Statement

in TCHF		H1 19	H1 18
Property income	4	30'395	28'234
Revaluation of properties	5	-26'015	26'722
Cloud services income	6	409	631
Other operating income	7	1'372	4'619
Total operating income		6'162	60'206
Cost of materials		-81	-
Personnel expenses		-7'402	-6'084
Maintenance and repairs	8	-25'489	-3'953
Insurance and fees		-582	-708
Energy costs and building maintenance		-1'187	-1'156
General operating expenses		-189	-310
Office, administrative and development expenses		-14'875	-3'196
Marketing and selling expenses		-485	-647
Rent and leases		-968	-804
Total operating expenses		-51'257	-16'859
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		-45'096	43'347
Amortisation	9	-6'220	-4'335
Earnings before interest and taxes (EBIT)		-51'316	39'012
Financial income		171	232
Financial expenses	10	-3'721	-2'841
Earnings before taxes (EBT)		-54'866	36'403
Taxes	12	10'889	-3'532
Net income for the period incl. minority interests		-43'977	32'872
Minority interests		-613	-424
Net income for the period excl. minority interests		-43'364	33'296
Undiluted earnings per share (in CHF)	13	-5.42	4.14
Diluted earnings per share (in CHF)	13	-5.42	4.14

Financial Report

Consolidated Cash-Flow Statement (condensed)

in TCHF	H1 19	H1 18
Cash flow from operating activities	-8'667	7'315
Cash flow from investment activities	-51'019	-45'767
Cash flow from financing activities	59'601	31'336
Effects from foreign exchange and in prior year changes in the scope of consolidation	-29	172
Increase/decrease in cash and cash equivalents	-114	-6'944
Cash and cash equivalents at 01.01.	34'531	38'920
Increase/decrease in cash and cash equivalents	-114	-6'944
Cash and cash equivalents at 30.06.	34'417	31'976

Financial Report

Statement of Shareholders' Equity

in TCHF	Share capital ¹	Capital reserves ²	Treasury shares ³	Retained earnings	Total excl. minority interests	Minority interests ⁴	Total incl. minority interests
Shareholders' equity at 01.01.2018	8'050	52'344	-281	700'371	760'484	209	760'693
Share-based compensation programmes	-	-	-	-310	-310	-	-310
Dividend payment	-	-30'510	-	-	-30'510	-	-30'510
Purchase of treasury shares	-	-	-3'484	-	-3'484	-	-3'484
Sale of treasury shares	-	-101	2'724	-	2'622	-	2'622
Change in ownership of a group company	-	-	-	-	-	5	5
Net income for the period	-	-	-	33'296	33'296	-424	32'872
Shareholders' equity at 30.06.2018	8'050	21'733	-1'041	733'357	762'100	-210	761'890
Shareholders' equity at 01.01.2019	8'050	21'733	-6'920	762'000	784'863	-1'800	783'063
Share-based compensation programmes	-	-	-	-1'110	-1'110	-	-1'110
Dividend payment	-	-13'836	-	-17'355	-31'191	-	-31'191
Purchase of treasury shares	-	-	-1'733	-	-1'733	-	-1'733
Sale/allocation of treasury shares	-	-13	2'572	-	2'559	-	2'559
Goodwill ⁵	-	-	-	-6'562	-6'562	-	-6'562
Acquisition of 100% of group companies with minorities	-	-	-	-3'992	-3'992	2'413	-1'580
Net income for the period	-	-	-	-43'364	-43'364	-613	-43'977
Shareholders' equity at 30.06.2019	8'050	7'884	-6'081	689'617	699'470	-	699'470

¹ On 30 June 2019 share capital consisted of 8'050'000 registered shares at a nominal value of CHF 1 per share (H1 18: 8'050'000 registered shares at a nominal value of CHF 1 per share).

² The non-distributable legal reserves came to TCHF 1'610 (H1 18: TCHF 1'610).

³ The company held 49'915 treasury shares as at 30 June 2019 (H1 18: 8'493). During the reporting period, the company purchased 15'000 shares of HIAG Immobilien Holding AG for a total amount of TCHF 1'733. 21'023 of these shares were primarily purchased in connection with the Long Term Incentive Plan 2014–2018 by members of the Group's Executive Board and by Group employees as part of the employee participation plan.

⁴ The minority interests comprises in prior year 5% shares of HIAG Data and 14% shares of Société coopérative en faveur du développement des terrains industriels de la Praille-Sud. During H1 19 HIAG Immobilien Holding AG purchased back 5% of HIAG Data AG. That results in a loss of TCHF 1'585 that is offset with the retained earnings. With the sale of 5% of HIAG Data AG in December 2017 a profit of TCHF 2'000 occurred, that was offset at that time with the retained earnings. As a result of those both transactions a net gain of TCHF 415 arised.

⁵ The goodwill arises from the acquisition of Jaeger et Bosshard SA in May 2019. The goodwill is offset with the retained earnings as of the acquisitions date of the company (see also scope of consolidation).

Financial Report

Notes to Consolidated Financial Statements

Segment Reporting

The main business activities of the group include the management of the yielding properties and redevelopment activities. Consequently, reporting is broken down according to the segments “Yielding portfolio” and “Redevelopment portfolio”.

The segment Cloud Services provides technology cloud services to independent partners based on a high performing multicloud platform that meets the latest standards and regulatory requirements. Based on the resolution of the Board of Directors from 13 August 2019, this segment will not continue. The effects of this resolution is disclosed in the event after balance sheet date.

The auxiliary activities with regard to the management, asset management and technical administrative management of the pension fund “HIAG Pensionskasse” as well as human resources services rendered to third parties are disclosed under the separate segment “Others”. Moreover, this segment contains all central functions of the group like management and finance and all expenses in relation with the Board of Directors. Auxiliary expenses as for the financial statement audit, capital taxes etc. are also shown in the segment “Others”. In addition, the activities from the metal recycling operations of Jaeger et Bosshard SA which was acquired in the first half year, are newly disclosed in this segment. Transactions between the segments are disclosed separately under “Intersegment eliminations”.

The segment reporting was changed compared to prior year (like the annual report 31.12.2018). The former segments “Services” and “Corporate” are no longer illustrated. Instead of that the segment “Others” was implemented. Furthermore, transactions between the segments are disclosed separately under “Intersegment eliminations”. The new disclosure reflects management’s view for the management of the group. The segment reporting of the prior year was adjusted accordingly.

In order to provide a better transparency all positions of operating expenses were disclosed separately (as in the income statement) in the segment reporting. For the segment “Cloud Services” the position “Maintenance and repairs” contains the operating expenses for datacenters and the network. In the “Office, administrative and development expenses” mainly expenses for external service providers in connection with the development of the multicloud platform are entailed. The position “Rent and leases” consists of office rents and charges for the use of external networks.

As the HIAG Group is active exclusively in Switzerland, no geographical segment information is provided.

Financial Report

Segments Half-Year 2019¹

in TCHF	Yielding portfolio	Redevelopment portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	25'079	5'339	-	-	-22	30'395
Revaluation of properties	-6'022	-19'993	-	-	-	-26'015
Cloud services income	-	-	409	-	-	409
Other operating income	-173	294	1	1'673	-423	1'372
Total operating income	18'883	-14'361	411	1'673	-445	6'162
Cost of materials	-	-	-	-81	-	-81
Personnel expenses	-2'146	-2'208	-2'032	-1'015	-	-7'402
Maintenance and repairs	-2'110	-21'377	-1'972	-31	-	-25'489
Insurance and fees	-142	-410	-4	-221	196	-582
Energy costs and building maintenance	-581	-602	-	-4	-	-1'187
General operating expenses	-11	-41	-	-136	-	-189
Office, administrative and development expenses	-998	-372	-12'242	-1'371	109	-14'875
Marketing and selling expenses	-197	-44	-71	-173	-	-485
Rent and leases	-373	-394	-273	-68	140	-968
Total operating expenses	-6'557	-25'448	-16'595	-3'101	445	-51'257
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	12'326	-39'809	-16'184	-1'428	-	-45'096
EBITDA before revaluation of properties	18'348	-19'816	-16'184	-1'428	-	-19'080

Segments Half-Year 2018¹

in TCHF	Yielding portfolio	Redevelopment portfolio	Cloud Services	Others	Intersegment elimination	Group
Property income	21'141	4'118	-	-	-26	28'234
Revaluation of properties	7'038	19'685	-	-	-	26'722
Cloud services income	-	-	631	-	-	631
Other operating income	146	4'153	-	776	-457	4'619
Total operating income	31'325	27'956	631	776	-482	60'206
Personnel expenses	-1'741	-1'695	-1'520	-1'128	-	-6'084
Maintenance and repairs	-1'660	-393	-1'885	-15	-	-3'953
Insurance and fees	-201	-361	-98	-260	212	-708
Energy costs and building maintenance	-500	-656	-	-	-	-1'156
General operating expenses	-2	-91	-	-217	-	-310
Office, administrative and development expenses	-1'023	-345	-809	-1'163	143	-3'196
Marketing and selling expenses	-202	-31	-216	-198	-	-647
Rent and leases	-341	-393	-140	-57	127	-804
Total operating expenses	-5'670	-3'966	-4'668	-3'038	482	-16'859
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	25'655	23'990	-4'037	-2'262	-	43'347
Earnings before interest, taxes, depreciation and amortization and before revaluations	18'618	4'306	-4'037	-2'262	-	16'625

¹ without minority interests

Financial Report

Due to the change in disclosure of the segment reporting the prior year was adjusted. The earnings before interests, taxes, depreciation and amortisation (EBITDA) decreased for the segment Yielding Portfolio by TCHF 13 and increased for the segments Redevelopment portfolio by TCHF 29, for the segment Cloud Services by TCHF 11 and decreased for the segment Others (prior year Services and Corporate) by TCHF 27. In prior years the intersegment eliminations were recognised directly within the segments. This is the main reason for the EBITDA change of all segments.

Accounting principles

The Consolidated Financial Statements of HIAG Immobilien Holding AG were prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER), as well as the special provisions for real estate companies stipulated under Article 17 of the SIX Swiss Exchange's Directive on Financial Reporting, and present a true and fair view of its net assets, financial position and results of operations. The comprehensive Swiss GAAP FER rules were applied.

Changes to the consolidation and valuation policies applied to the 2018 Consolidated Financial Statements are described in the significant accounting and valuation policies. If a change is not mentioned explicitly, no changes were applied to the principles compared to 2018 Consolidated Financial Statements.

The Consolidated Financial Statements are presented in Swiss francs (CHF). All figures are presented in thousands of Swiss francs (CHF thousand) unless indicated otherwise.

The Consolidated Annual Financial Statements are available in German and English. Should there be any linguistic discrepancies, the German version shall prevail.

Scope of consolidation

The Consolidated Financial Statements comprise all subsidiaries of HIAG Immobilien Holding AG in which the Company directly or indirectly holds more than 50% in the form of voting rights or share capital. Full consolidation is applied, which means that 100% of the assets, liabilities, expenses and income of the companies to be consolidated are assumed and all intercompany items are eliminated. Minority interests in equity and net earnings are disclosed separately in the balance sheet and the income statement. Changes in ownership interests in subsidiaries are recorded as equity transactions, provided that control continues.

Associated companies, in which HIAG Immobilien Holding AG holds direct or indirect participations of 20% to 50% of voting rights or share capital are consolidated according to the equity method. Participations below 20% are not consolidated and are included in the Consolidated Balance Sheet under Financial assets at acquisition cost minus any operationally necessary value adjustment.

The balance sheet date for all companies is 31 December.

Financial Report

Company	Share capital in TCHF	Stake 30.06.19 ¹ in %	Stake 31.12.18 ¹ in %	Location
HIAG Immobilien Schweiz AG	11'000	100	100	Baar
HIAG AG	150	100	100	Basel
HIAG Immobilien AG	5'000	100	100	St. Margrethen
HIAG Immobilier Léman SA	1'000	100	100	Aigle
Léger SA	400	100	100	Lancy
Weeba SA	100	100	100	Lancy
Pellarin-Transports SA	50	100	100	Lancy
Promo-Praille SA	200	100	100	Lancy
Jaeger et Bosshard SA ²	1'175	100	-	Lancy
Société coopérative en faveur du développement des terrains industriels de la Praille-Sud ³	35	100	86	Lancy
HIAG Immobilien Menziken AG ⁴	100	-	100	Menziken
HIAG Data AG ⁵	10'000	100	95	Zürich
Trans Fiber Systems SA	107	100	100	Menziken
CIS Operations AG ⁵	400	100	95	Zürich
Marbell AG	100	100	100	Zürich

¹ Voting rights and share capital.

² 100% of Jaeger et Bosshard SA was acquired in H1 19.

³ As Jaeger et Bosshard SA owns the remaining 14% shares of the cooperative, the stakes newly amounts to 100% as of H1 19.

⁴ HIAG Immobilien Menziken AG merged retrospectively on 01.01.2019 with HIAG Immobilien AG.

⁵ In H1 19 5% of the shares of HIAG Data AG were purchased back from the management. As CIS Operations AG belongs, 100% to HIAG Data AG their stake increased as well to 100%.

HIAG AG renders services in the areas of employee pension funds and human resources.

HIAG Data AG and CIS Operations AG provide technology of cloud services to independent partners based on a high performing multicloud platform that meets the latest standards and regulatory requirements. Together with Marbell AG they shape the segment Cloud Services.

Marbell AG renders services around the financing of third parties.

Jaeger et Bosshard SA is specialised in metal recycling. Beside this business, the company is the holder of a share in the site "Porte Sud" in Lancy, a part of Geneva. The former shareholder of the company continues the metal recycling business on behalf of HIAG.

All other companies are real estate companies within the scope of HIAG's strategy with the purposes of maintaining, developing and selling properties.

Financial Report

Consolidation method

Capital consolidation is based on the purchase method, in which the acquisition costs of an acquired company are offset against the net assets, which were newly measured at the time of acquisition in accordance with group-wide accounting standards. The difference arising from the purchase price and the newly valued net assets of the acquired company is termed goodwill or badwill. Goodwill is recognised as retained earnings with no effect on profit and loss. Any badwill is charged to the retained earnings or recorded as provisions. The initial consolidation takes effect with the transfer of control over the acquired companies.

Changes in the scope of consolidation

The following changes in the scope of consolidation took place during the reporting period:

Consolidated company		Stake in %
Jaeger et Bosshard SA	Acquired 24 May 2019	100

At the date of first time consolidation the company Jaeger et Bosshard SA disclosed following significant balance sheet positions at fair values:

in TCHF

Cash and cash equivalents	3'189
Inventory	397
Other current assets	798
Real estate properties	13'500
Other non-current assets	533
Current liabilities	1'431
Other non-current liabilities	1'024
Shareholders' equity	15'962

As a result of the acquisition a goodwill of TCHF 6'562 occurred and was offset with the retained earnings by the time of the acquisition.

Financial Report

Significant accounting and valuation policies

General information

HIAG Immobilien Holding AG's Consolidated Financial Statements are prepared in accordance with the Swiss Accounting and Reporting Recommendations (Swiss GAAP FER).

Due to rounding off to the nearest thousand CHF, adding up the individual items may result in rounding differences over the reported item totals.

Real estate properties

The portfolio is broken down into the following categories:

- Undeveloped lands
- Properties
- Properties currently under development
- Properties held for sale

General

All real estate properties were measured at fair value on the basis of the discounted cash flow method (DCF) in accordance with Swiss GAAP FER 18. The residual value method is used to ascertain the fair value for undeveloped properties. The current values are assessed and updated every six months by an independent expert. The properties are inspected at least every three years. No scheduled depreciation is carried out. Increases and decreases in value are reported under "Revaluation of properties". The expected additional expenses linked to environmental risks are assessed by an independent environmental expert based on historical and technical investigations and subtracted from the fair value of the properties. Interest on construction loans is capitalised. Other borrowing costs are recorded as financing costs. The portfolio does not include any properties used by HIAG itself. The valuation method and technique used in the half-year consolidated financial statements was not changed compared to 31 December 2018.

Properties

Properties are broken down into "Yielding properties" and "Redevelopment properties". "Yielding properties" are those properties for which no development is planned. "Redevelopment properties" describes properties that are to undergo development in the medium term and/or for which development planning is currently under way.

Properties currently under development

Properties that are under development at the time the balance sheet is drawn up are grouped under the item "Properties currently under development". They are reported as "Properties currently under development" from the time the initial work is contracted until the development project is completed and/or is ready for occupation.

Properties held for sale

"Properties held for sale" describes residential projects where individual units are undergoing development and are marketed as condominiums (promotion projects) as well as non-strategic properties that are up for sale. Inclusion of promotion projects in the balance sheet at fair value does not result in a presentation that is significantly different from that of projects included in the balance sheet at acquisition or production cost.

Financial Report

Other property, plant and equipment and intangible fixed assets

“Other property, plant and equipment” includes the multicloud infrastructure of the segment Cloud Services, office equipment, machinery and vehicles. “Intangible fixed assets” mainly includes the acquired and internally developed services in connection with the multicloud infrastructure.

“Other property, plant and equipment” and “Intangible fixed assets” are recorded in the balance sheet at acquisition cost minus amortisation and possible value impairment.

The amortisation is linear. The amortisation period is five years for multicloud infrastructure, three to ten years for office equipment, and three to five years for intangible fixed assets. Leased assets are depreciated over the term of the lease.

Leasing

When referring to leases, a distinction is made between a finance lease and an operating lease. A finance lease is an agreement where at the time of conclusion of the contract the cash value of the lease payments and any remaining payment roughly correspond to the acquisition value of the leased asset. A finance lease also exists if the expected duration of the lease is approximately the expected useful life of the asset, the leased asset is transferred to the lessee at the end of its useful life or any residual payment is below the net market value at that time. In the case of a finance lease, the leased asset is capitalised and at the same time the leasing obligations from the remaining lease payments are recognised as liabilities. The lease payments are divided into an interest component and a depreciation component. The interest component is recognised as a financial expense and the depreciation component is recognised as a reduction of the leasing liability. The leasing liability is split into a current (within the next 12 months from the reporting date) and a non-current liability (remaining obligation). The current leasing liability is recorded under Current financial liabilities and the non-current leasing liability is recorded under Non-current financial liabilities.

The leased asset is depreciated over the expected useful life.

An operating lease exists when none of the finance lease criteria listed above apply. This primarily concerns long-term rental contracts (over 12 months) for Group sites.

Property income

Property income includes rental income after deduction of vacancy losses, proceeds from the sale of electricity from owned power stations and losses in earnings such as rental income losses. Rental income is recorded in the Income Statement when the rent is due. If tenants are granted rent-free periods, the equivalent value of the incentive is recorded on a linear basis over the entire term of the rental agreement as an adjustment to property income.

Cloud Services income

The item Cloud Services income includes the income of HIAG Data AG. Revenue in this area is recognised net in the month in which the services were rendered.

Other operating income

Other operating income contains all revenues that cannot be allocated to another revenue category. Therefore, the position consists of one-off effects and non-recurring revenue items (as for example the disposal of non-used fixed assets or insurance benefits). Moreover, revenues from non-core business activities of the Group are encompassed in this position (like services for third parties in the area of human resources or income from the metal recycling business).

All these revenues are recorded after the service was rendered to the third party.

Financial Report

Inventory and Cost of materials

Due to the acquisition of the metal recycling company Jaeger et Bosshard SA the group financial statements display inventories and cost of materials.

Inventories are recognised at acquisition costs (average price method). If it becomes clear that the net market values of the inventory are lower than the acquisition costs the value will be impaired on the lower of both values.

Events after the balance sheet date

On 13 August 2019 HIAG Immobilien Holding AG's Board of Directors concordantly decided to stop the operations of segment Cloud Services, which aimed to develop an own multicloud platform. With this resolution, HIAG refocuses on the core business which includes the development of real estate properties. The subsidiaries HIAG Data AG and CIS Operations AG will undergo a restructuring and will focus on the digital site development of HIAG's portfolio. The currently owned hardware and software can therefore be partially used. As the decision of the Board of Directors was taken after the balance sheet date the balance sheet and the income statement as per 30 June 2019 will not be affected.

The resolution will probably have an impact on the following balance sheet positions as per 31 December 2019:

in TCHF	30.06.2019
Other current receivables ¹	4'959
Prepayments and accrued income	2'850
Current assets	7'809
Other property plant and equipment ²	34'502
Intangible fixed assets	20
Non-current assets	34'522
Total	42'331

¹ Prepayment for Microsoft licences

² mainly multicloud infrastructure and multicloud infrastructure in leasing

The impairment of assets may amount to TCHF 42'331 at maximum.

The maximum financial impact on the income statement consisting of long-term contractual commitments and operational measures for the fulfillment of present client contracts for the period from 1 July 2019 to 2028 amounts to CHF 38.4 mio. The present long-term contractual commitments contain operational services from third parties and charges for the use of infrastructure. The operational measures comprise of personnel expenses and services rendered by third parties.

The maximum financial impact on the income statement consisting of long-term contractual commitments and operational measures for the fulfillment of present client contracts amounts to CHF 10.2 Mio. for the second half-year 2019.

The Management Board has initiated targeted measures in order to reduce the costs outlined above. Those measures involve particularly the digital exploitation of the site Biberist, the disposal of the network, the migration of clients to other providers, and the early termination of present contracts.

Financial Report

Explanations to the consolidated financial statements

1 Real Estate Properties

in TCHF	Undeveloped land	Properties	Properties currently under development	Total real estate properties
Balance at 01.01.2018	107'229	1'113'321	62'113	1'282'663
Reclassifications	–	–33'220	33'220	–
Additions	1'255	123'528	33'990	158'773
Disposals	–	–1'466	–24'590	–26'056
Revaluation of properties	24'596	40'091	6'867	71'555
Change of costs for environmental risks	990	–553	821	1'258
Balance at 31.12.2018	134'070	1'241'701	112'421	1'488'191
Reclassifications properties held for sale	–	–	–11'780	–11'780
Balance after reclassifications as at 31.12.2018	134'070	1'241'701	100'641	1'476'412
Balance at 01.01.2019	134'070	1'241'701	112'421	1'488'191
Reclassifications	–	19'581	–19'581	–
Additions	925	25'686	25'323	51'934
Disposals	–	–35	–2'383	–2'418
Revaluation of properties	6'654	–32'308	1'471	–24'182
Change of costs for environmental risks	10	–1'762	–81	–1'833
Balance at 30.06.2019	141'659	1'252'864	117'170	1'511'691
Reclassifications properties held for sale	–	–	–8'774	–8'774
Balance after reclassifications as at 30.06.2019	141'659	1'252'864	108'396	1'502'917

In the reporting period, Wüest & Partner AG appraised all properties. The discount rates used for the property appraisals fluctuated within a corridor of 1.95% to 7.00% as of the balance sheet date (31 December 2018: 1.95% to 7.00%).

The expected additional expenses linked to environmental risks were analysed by Ecosens AG on the basis of historical and technical investigations and recorded as at the reporting date in the amount of TCHF 28'865 (31 December 2018: TCHF 27'032) under "Real estate properties". Environmental risks are evaluated on an ongoing basis. New findings from historical and technical investigations were taken into account as at the reporting date and led to an increase in costs for environmental risks of TCHF 1'833 during the reporting period (H1 18: increase of TCHF 9'301). After the opening of bankruptcy for Rohner AG in Pratteln and the low likelihood of finding an occasion to continue the operations on the site, a scenario with complete demolition of the property and development was considered. A discount rate of 2.0% was applied as at 30 June 2019 (31 December 2018: 2.0%).

In some cases, the effective acquisition costs or the investments cannot be reliably ascertained as the time of acquisition dates far back in the past. For this reason, the decision was not to report the acquisition values in these cases.

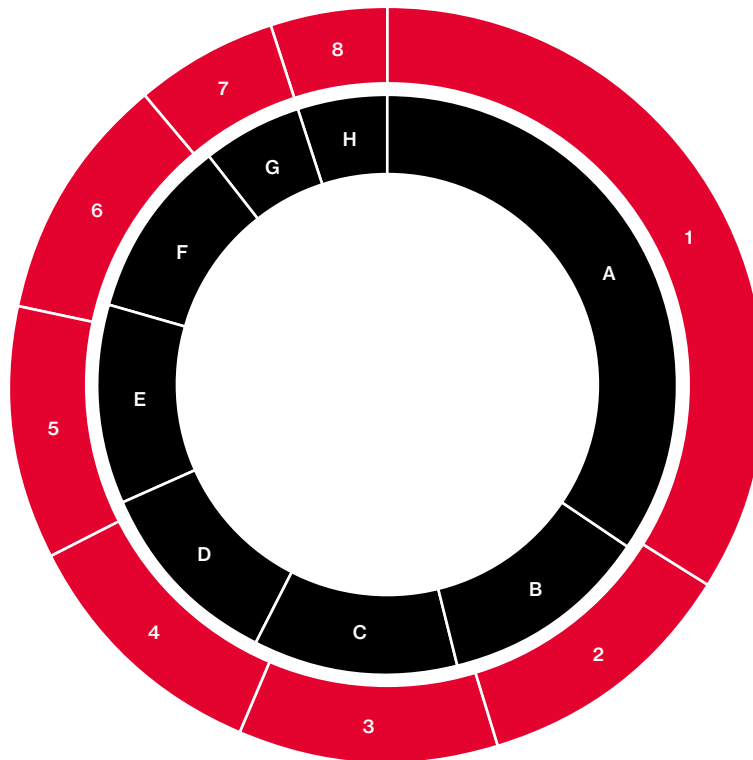
Financial Report

New additions in the first half year 2019 came to TCHF 51'934 resulting from investments in 50 sites whereof TCHF 13'500 resulted from an acquisition in Lancy (site "Porte Sud"). The largest investments were made in Frauenfeld (TCHF 9'377), in Niederhasli (TCHF 6'728), in Windisch (TCHF 5'365 whereof TCHF 5'251 concern the renovation of the former army recruiting center for a new tenant), in Meyrin (TCHF 5'229 whereof TCHF 4'727 for the restoration of Hive 1), in Wetzikon (TCHF 3'805 whereof TCHF 2'661 for the renovation of the property Stegenmühle) and in Neuenburg (TCHF 3'192).

Disposals amounting to TCHF 2'418 concerned the sale of condominiums at The Cloud project in Baar (TCHF 2'380) and a parking space in Windisch (TCHF 35).

Properties held for sale in TCHF	30.06.2019	31.12.2018
Project The Cloud (Baar)	8'774	11'780
Total	8'774	11'780

As at the balance sheet date, condominiums in Baar (Project The Cloud) were for sale. No outstanding payments in relation with the promotion of units were recognised as per balance sheet date (31.12.2018: TCHF 0).



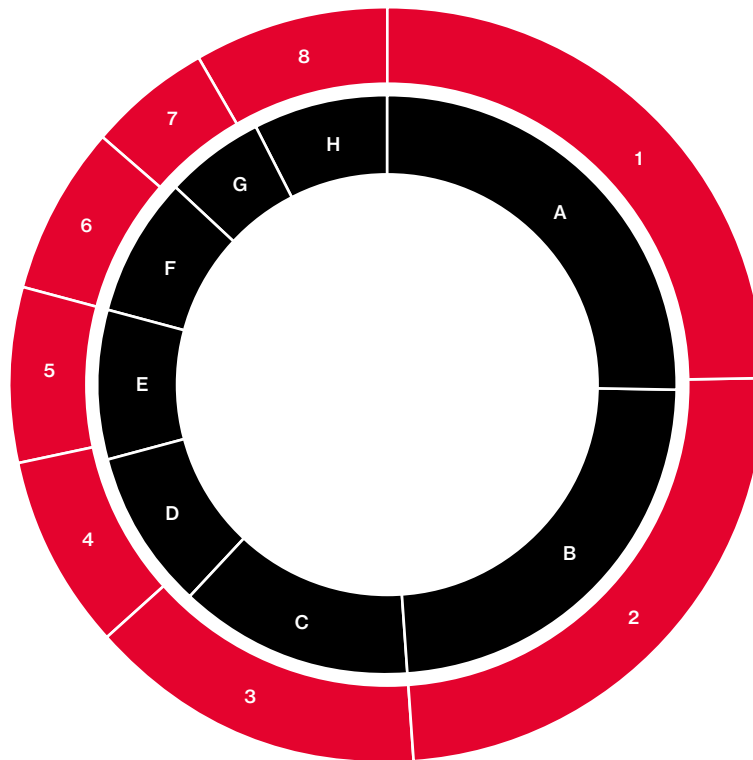
30.06.2019 ●
31.12.2018 ●

Market value of real estate properties according to use as at 30 June 2019

1	Industry, Commercial	33.9%
2	Residential	11.4%
3	Retail	11.2%
4	Office	11.0%
5	Distribution, Logistics	10.9%
6	Building land	10.6%
7	Residential, Commercial	6.0%
8	Miscellaneous	5.0%

Market value of real estate properties according to use as at 31 December 2018

A	Industry, Commercial	34.6%
B	Residential	11.7%
C	Retail	11.3%
D	Distribution, Logistics	11.0%
E	Office	10.9%
F	Building land	10.2%
G	Residential, Commercial	5.5%
H	Miscellaneous	4.8%



30.06.2019 ●
31.12.2018 ●

Market value of real estate properties according to canton as at 30 June 2019

1	Aargau	24.9%
2	Zurich	24.0%
3	Geneva	14.7%
4	Zug	8.2%
5	Solothurn	7.6%
6	Baselland	7.0%
7	St. Gallen	5.5%
8	Miscellaneous	8.1%

Market value of real estate properties according to canton as at 31 December 2018

A	Aargau	25.3%
B	Zurich	23.7%
C	Geneva	13.0%
D	Baselland	8.9%
E	Zug	8.4%
F	Solothurn	7.7%
G	St. Gallen	5.5%
H	Miscellaneous	7.4%

Financial Report

2 Other property, plant and equipment and intangible fixed assets

in TCHF	Other property, plant and equipment	Multicloud Infrastructure	Multicloud Infrastructure in Leasing	Total	Intangible Assets
Book value at 01.01.2018	3'690	34'505	8'552	46'748	86
Additions	254	13'219	9'147	22'620	30
Disposals	–	–19	–	–19	–
Book value at 31.12.2018 / 01.01.2019	3'944	47'706	17'699	69'349	116
Additions	3'432	466	–	3'898	–
Book value at 30.06.2019	7'376	48'172	17'699	73'247	116
Cumulative amortisation at 01.01.2018	3'018	1'493	–	4'511	86
Amortisation	185	8'344	3'319	11'848	5
Impairment	–	12'590	–	12'590	–
At 31.12.2018 / 01.01.2019	3'202	22'427	3'319	28'949	91
Amortisation	118	3'885	2'212	6'215	5
Additions in scope of consolidation	2'815	–	–	2'815	–
Cumulative amortisation at 30.06.2019	6'135	26'312	5'531	37'379	96
Net book value at 01.01.2018	673	33'012	8'552	42'237	–
Net book value at 31.12.2018 / 01.01.2019	742	25'278	14'380	40'400	25
Net book value at 30.06.2019	1'241	21'860	12'167	35'269	20

Due to the acquisition of Jaeger et Bosshard SA an addition of TCHF 3'349 in book values and an addition of TCHF 2'815 in cumulated amortisation occurred (net addition of TCHF 534). Those assets contains mainly machines (net value of TCHF 315) and transport vehicles (net value of TCHF 193).

3 Financial liabilities

in TCHF	30.06.2019	31.12.2018
Non-current liabilities to banks	88'241	187'744
Bonds	640'000	490'000
Non-current leasing liabilities	7'008	9'593
Total non-current financial liabilities	735'250	687'337

Financing with a remaining maturity of more than one year as at the reporting date is recorded under "Non-current financial liabilities".

Most of the bank financing is secured by mortgages.

The loan-to-value ratio ([cash and cash equivalents + financial liabilities] / real estate value) was 49% (31 December 2018: 43%) and the debt ratio calculated at fair value (financial liabilities/real estate value) was 9% (31 December 2018: 13%).

The average interest rate paid for financial liabilities came to 0.91% in the reporting period (H1 18: 0.92%).

Financial Report

Financial liabilities to be repaid within a period of 12 months amounted to TCHF 48'416 (31 December 2018: TCHF 4'721) and the within 12 month due leasing liabilities amounted to TCHF 5'485 (31 December 2018: TCHF 5'419). For the majority of the short-term liabilities new framework contracts will be negotiated in the second half-year 2019 and financings will thus be prolonged. Short-term financial liabilities, short-term leasing liabilities and a third-party loan of TCHF 4'500 are classified as "Current financial liabilities".

In May 2019, a fixed-rate bond for TCHF 150'000 was issued with a maturity of five years. The proceeds were used primarily for the repayment of existing bank liabilities.

Benchmarks	Bond May 2019	Bond October 2018	Bond May 2017	Bond July 2016	Bond July 2015
Amount	TCHF 150'000	TCHF 125'000	TCHF 150'000	TCHF 115'000	TCHF 100'000
Maturity	5 years (08.05.2019–08.05.2024)	4 years (26.10.2018–26.10.2022)	5 years (30.05.2017–30.05.2022)	7 years (04.07.2016–04.07.2023)	6 years (01.07.2015–01.07.2021)
Interest rate	0.875%	1.0%	0.8%	1.0%	1.0%
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Security number	47'129'798	43'467'844	36'274'830	32'637'142	28'460'739
ISIN	CH0471297983	CH0434678444	CH0362748300	CH0326371421	CH0284607394

Conditions of financial liabilities as at 30.06.2019

Item	Book value	Currency	Due date	Interest rate
Liabilities to banks	136'657	CHF	See the chart "Due dates in TCHF as at 30.06.2019"	Between 0.5% and 3.4%
Bonds	640'000	CHF	01.07.2021 / 30.05.2022 / 26.10.2022 / 04.07.2023 / 08.05.2024	Between 0.8% and 1.0%
Leasing liabilities Cloud Services	12'306	CHF	31.10.2021 with quarterly repayments	0.5%
Leasing liabilities others	188	CHF	30.11.2021 with monthly repayments	2.3%
Loans from third parties	4'500	CHF	31.12.2019	3.0%
Total	793'651			

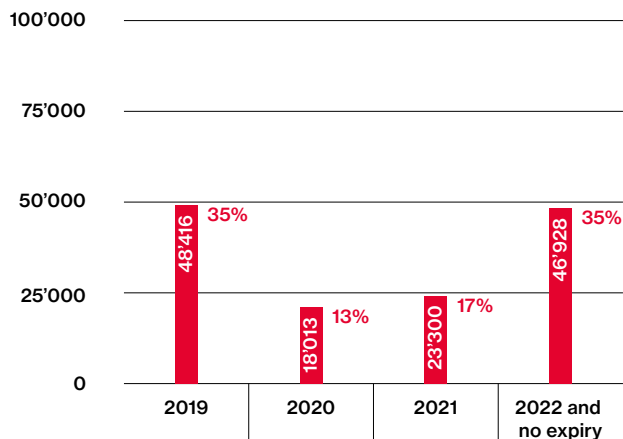
Conditions of financial liabilities as at 31.12.2018

Item	Book value	Currency	Due date	Interest rate
Liabilities to banks	192'465	CHF	See the chart "Due dates in TCHF as at 31.12.2018"	Between 0.5% and 3.4%
Bonds	490'000	CHF	01.07.2021 / 30.05.2022 / 26.10.2022 / 04.07.2023	Between 0.8% and 1.0%
Leasing liabilities Cloud Services	15'012	CHF	31.10.2021 with quarterly repayments	0.5%
Loans from third parties	4'500	CHF	31.12.2019	3.0%
Total	701'977			

Financial liabilities are recorded and valued at nominal value.

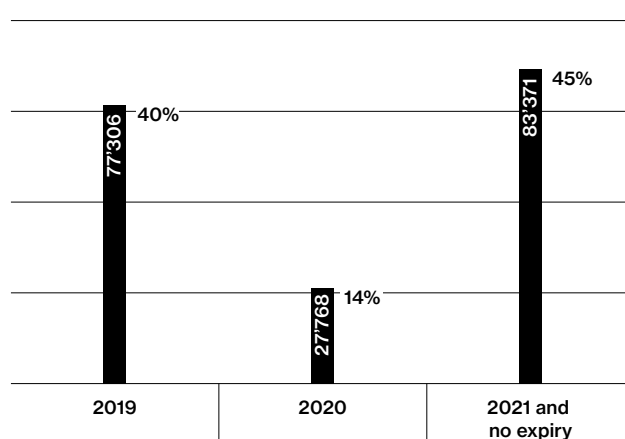
Financial Report

Due dates of the liabilities to banks in TCHF as at 30.06.2019



Total: TCHF 136'657 = 100%

Due dates of the liabilities to banks in TCHF as at 31.12.2018



Total: TCHF 192'465 = 100%

Interest rates were fixed as follows as at 30 June 2019 (until the next interest rate adjustment):

Up to one year including building loan	107'766	79%
2020	4'363	3%
2022 and longer	24'529	18%
Total	136'657	100%

Interest rates were fixed as follows as at 31 December 2018 (until the next interest rate adjustment):

Up to one year including building loan	180'581	94%
2020	4'513	2%
2021 and longer	7'371	4%
Total	192'465	100%

Financial Report

4 Property Income

in TCHF	H1 19	H1 18
Rental income excl. lump sum charges	29'720	27'664
Lump sum charges	610	490
Other property income	617	486
Decrease in income	-552	-405
Total	30'395	28'234

As at 30 June 2019 the item "rental income excl. lump sum charges" comprises a release of prepayments and accrued income in the amount of TCHF 97 (H1 18: increase of TCHF 421) from lease contracts, where rent-free periods were granted. The item "Other property income" includes the sale of electricity from owned power stations in the amount of TCHF 516 for the first half year 2019 (H1 18: TCHF 517).

Most important tenants

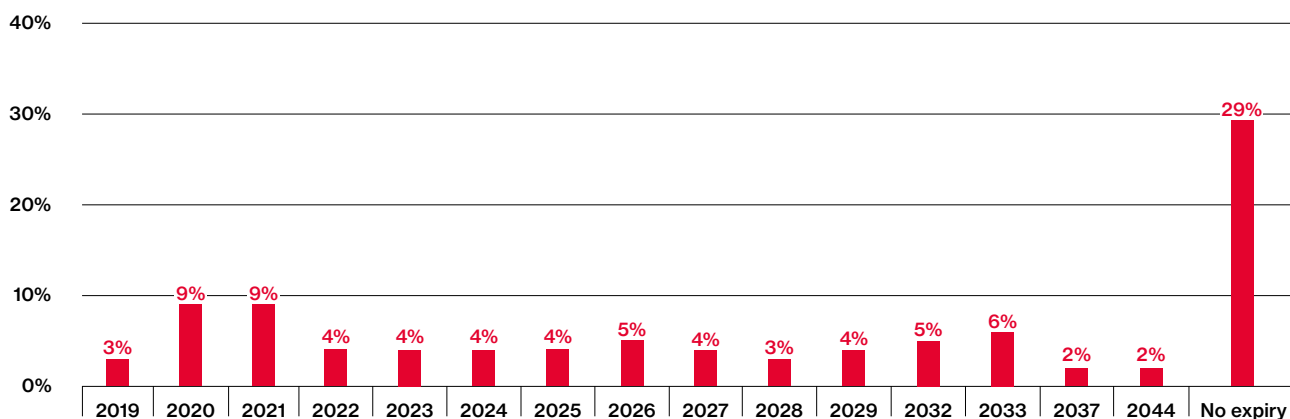
The five most important tenants measured according to property income were (in alphabetical order): Amcor Flexibles Rorschach AG, Doka Schweiz AG, Otto's AG, Sieber Transport AG und Sulser Logistics Solutions AG.

Share of property income represented by (%):	H1 19	H1 18
The largest tenant	4%	4%
The three largest tenants	11%	11%
The five largest tenants	17%	17%
The ten largest tenants	30%	31%

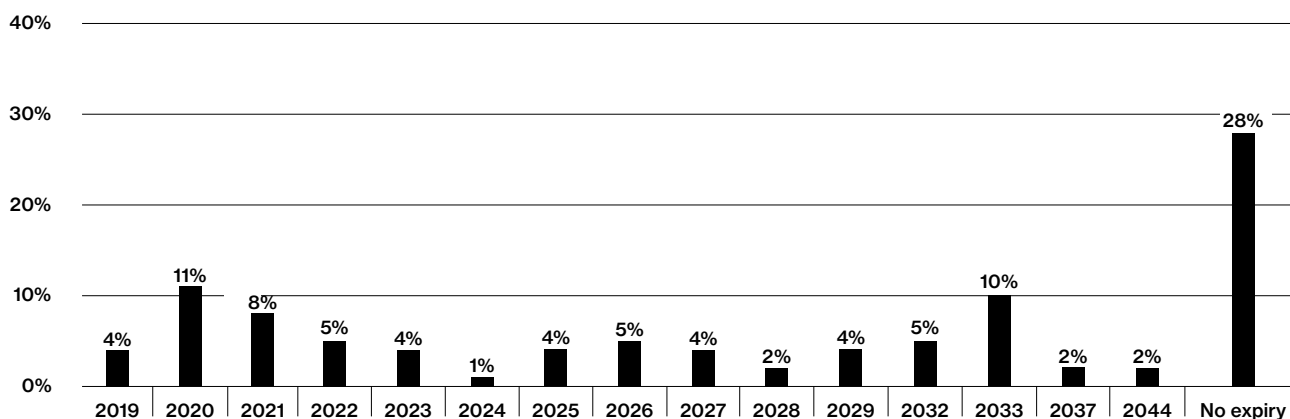
The overview of the expiry profile of rental agreements shows when the agreements can be terminated at the earliest.

Financial Report

Overview of expiry profile of rental agreements as at 30.06.2019



Overview of expiry profile of rental agreements as at 31.12.2018



Vacancy rate

in TCHF

	30.06.2019	31.12.2018
Yielding properties	12.2%	12.1%
Yielding properties undergoing repositioning ¹	37.0%	39.7%
Redevelopment properties	15.2%	13.6%
Total portfolio	14.4%	14.3%

¹ Properties Mandachstrasse 50–56, ZH and Sternenfeldpark 14, BL

Financial Report

5 Revaluation of Properties (net)

in TCHF	H1 19	H1 18
Positive adjustments	30'079	45'622
Negative adjustments	-53'166	-9'913
Adjustments to properties to be sold	-1'095	315
Adjustments of costs for environmental risks	-1'833	-9'301
Total	-26'015	26'722

The most significant adjustments were carried out in connection with the properties in Meyrin (TCHF 7'754), Lancy (TCHF 1'544), Pratteln (TCHF 27'849), Klingnau (TCHF -3'698) and Windisch (TCHF -1'439). The impairment in Pratteln occurred due to the opening of the bankruptcy of Rohner AG Pratteln and the low likelihood to find an occasion to continue the operations on the site. HIAG considered a scenario with complete demolition of the property followed by a development.

Out of a total of 121 properties, 49 underwent positive adjustments, while 68 properties were affected by negative adjustments and 4 properties without any changes.

6 Cloud Services income

in TCHF	H1 19	H1 18
Cloud-Infrastructure	266	488
Point to cloud connection	143	142
Total	409	631

7 Other operating income

in TCHF	H1 19	H1 18
Services rendered to third parties	464	357
Metal recycling income	786	-
Other operating income	123	4'262
Total	1'372	4'619

Services rendered to third parties include the Executive Board, asset management and technical administrative management of the pension fund "HIAG Pensionskasse", and human resources services for companies affiliated with "HIAG Pensionskasse".

The item "Metal recycling income" contains revenues of the acquired company Jaeger et Bosshard SA for the period 24 May to 30 June 2019. Furthermore the release of an unused accrual in the amount of TCHF 330 is included.

"Other operating income" comprise TCHF 208 for asset sales in Biberist (H1 18: TCHF 4'151). Related to these transactions, external services and costs amounting to TCHF 53 (H1 18: TCHF 97) were recorded in the item "Office, administrative and development expenses".

Financial Report

8 Current provisions/Repair and Maintenance

In relation with the opening of bankruptcy of Rohner AG in Pratteln and the low likelihood of finding an occasion to continue operations on the site, HIAG assumes to take over the costs for the demolition of the production infrastructure although the tenant would have to bear those costs according to the rental contract. The demolition particularly contains measures to relieve the production infrastructure from chemistry. The costs for those measures were considered in Current provisions in the amount of TCHF 21'000 as per balance sheet date.

9 Amortisation

in TCHF	H1 19	H1 18
Other property, plant and equipment	118	87
Intangible fixed assets	5	-
Multicloud infrastructure	6'097	4'248
Total	6'220	4'335

Since April 2018 the multicloud infrastructure is amortised over its useful life as the infrastructure was operative from this time on.

10 Financial Expenses

in TCHF	H1 19	H1 18
Interest expenses from bank financing	795	793
Interest expenses bond	2'478	1'675
Bank fees and bank interest	119	112
Other interest expenses ¹	328	261
Total	3'721	2'841

¹ Contains proportional issuing costs of the bond TCHF 171 (H1 18: TCHF 107), which is amortised over the maturity of the bond in the income statement.

The average interest rates paid for bank liabilities and bonds came to 0.91% (H1 18: 0.92%). The fluctuation corridor for interest rates was between 0.5% and 3.4% (H1 18: between 0.5% and 3.4%). Interest rates for construction loans concerning site development projects amounting to TCHF 105 were capitalised (H1 18: TCHF 89).

11 Share-Based Compensation

Due to the unsatisfying course of business in 2019 and the announced change of the Chief Executive Officer the Board of Directors decided not to setup a new long term incentive plan for the real estate segment for the current business year. It is planned to setup a new long-term incentive plan with the accession of the new Chief Executive Officer in 2020.

The Board of Directors of HIAG Immobilien Holding AG has decided to stop the development of an own platform. In addition no triggering event defined in the former long term incentive plan of HIAG Data occurred. This long term incentive plan has no financial impact and will be no longer in place.

The HIAG Data long-term incentive plan had as well no impact on the financial statements of the reporting period (H1 18: TCHF 0). As per balance sheet date no provisions were generated nor released.

Financial Report

12 Taxes

in TCHF	H1 19	H1 18
Income taxes	-37	-274
Deferred taxes	10'879	-3'202
Capitalisation of tax losses carried forward	52	882
Use of capitalised tax losses carried forward	-5	-938
Total	10'889	-3'532

In the reporting period TCHF 10'879 of provisions were released for deferred taxes (H1 18: increase of TCHF 3'202). The release of deferred tax provisions was mainly related to the already agreed cantonal tax rate reductions.

As at 30 June 2019, TCHF 52 of economic benefit from tax losses carried forward were capitalised, as it is probable that they could be offset with future taxable profits (H1 18: TCHF 882). The capitalisation corresponds to the expected economic benefit for the next 12 months. Of the capitalised tax losses carried forward as at 31 December 2018, TCHF 5 were used in the first half year 2019 (H1 18: use of TCHF 938).

The companies belonging to the Group disposed of non-capitalised losses carried forward totalling TCHF 80'813 (31 December 2018: TCHF 47'245). The potential tax reductions made possible by these not yet capitalized tax losses carried forward amounted to TCHF 16'244 as at 30 June 2019 (31 December 2018: TCHF 9'099).

13 Shareholders' Equity

Composition of share capital in TCHF	30.06.2019	31.12.2018
Registered shares (Nominal value CHF 1.00)	8'050'000	8'050'000
Total	8'050'000	8'050'000

On 30 June 2019, share capital consisted of 8'050'000 registered shares at a nominal value of CHF 1.00 per share (31 December 2018: 8'050'000). Each share is entitled to one vote. Pursuant to Article 3 of the Articles of Incorporation, the Board of Directors is authorised to increase the share capital of the company by a maximum of TCHF 1'600 until 19 April 2020. As at 30 June 2019, conditional share capital came to TCHF 350 (31 December 2018: TCHF 350). As at 30 June 2019, no rights had been exercised.

The non-distributable statutory and legal reserves came to TCHF 1'610 (31 December 2018: TCHF 1'610).

Financial Report

Earnings and shareholders' equity (NAV) per share in CHF

	H1 19	H1 18
Net income	-43'364	33'296
Time-weighted average number of shares outstanding	7'993'541	8'037'047
Earnings per average registered share outstanding	-5.42	4.14
Undiluted earnings per share	-5.42	4.14
Diluted earnings per share	-5.42	4.14

in CHF	30.06.2019	31.12.2018
Shareholders' equity (NAV) per outstanding registered share, before deferred taxes	96.56	108.55
Shareholders' equity (NAV) per outstanding registered share, after deferred taxes	87.43	98.18

As at 30 June 2019 there were no dilutive effects.

General Property Details

Redevelopment Portfolio

Property ID	Canton	Municipality	Property	Main use ¹	Market value (CHFm)	Full occupancy property rent (CHFm)	Annualised property rent (CHFm)	Occupancy rate (%)	Net site area (m²) ²	Year of construction	Year of construction 2 ³	Partial renovation	Discount factor (%)	Ownership (%)	Compulsory surveillance	Obligatory remediation	Effective area to be developed (m²)											
																	Residential (sale)	Residential (rent)	Office	Retail	Industry / Logistics	Storage	Others	Total				
10208	AG	Kleindöttingen	Plot no. 420	Others	13.1	0.0	0.0	–	43'400	–	–	–	2.0	Sole ownership	100%	–	–	4,900	19,900	3,700	–	3,700	–	–	32,200			
10303	ZH	Niederhasli	Stationstrasse 27–32, Parzelle 3131	Industrial	27.4	0.7	0.6	93%	28'122	1955	2001	–	3.9	Sole ownership	100%	–	–	–	–	2,750	–	4,300	–	–	7,050			
10501	TG	Ermatingen	Hauptstrasse 181/185	Logistics	5.0	0.5	0.4	76%	12'125	1968	1997	–	5.2	Sole ownership	100%	–	–	–	–	600	–	1,084	5,291	–	6,975			
13408	AG	Klingnau	Weierstrasse 8	Others	0.9	0.0	0.0	–	2'144	–	–	–	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–			
16101	ZG	Baar	Ibelweg 18	Residential	8.8	0.0	0.0	–	9'218	2015	–	–	2.0	Condominium	100%	–	–	–	–	–	–	–	–	–	–			
18103	ZG	Cham	Plot no. 3165	Others	60.7	0.1	0.1	100%	26'231	–	–	–	3.4	Sole ownership	100%	–	–	27,475	–	–	1,197	–	–	1,465	30,137			
20101	VS	St-Maurice	Bois-Noir	Industrial	1.9	0.3	0.3	100%	33'281	1960	1970	–	3.0	Sole ownership	100%	–	–	–	–	–	12,600	7,470	–	–	20,070			
22101	VD	Aigle	Route Industrielle 18	Industrial	2.5	0.2	0.2	100%	11'410	1991	–	2014	5.1	Sole ownership	100%	–	–	–	–	252	1,532	766	–	–	2,550			
22201	GE	Vernier	Chemin de la Verseuse 1–3	Industrial	5.3	0.0	0.0	–	4'507	1964	–	–	4.3	Sole ownership	100%	–	–	–	–	3,049	–	4,466	739	–	8,254			
22301	GE	Lancy	Route des Jeunes 20–26	Industrial	48.8	0.7	0.6	96%	13'362	1960	–	–	3.9	Building right	100%	–	–	–	11,440	24,370	7,280	–	–	17,222	60,312			
29001	GE	Meyrin	Route du Nant d'Avril 150, Hive I	Office	35.8	0.0	0.0	–	7'681	1981	2018	–	3.8	Building right	100%	–	–	–	–	9,029	–	–	–	–	9,029			
29003	GE	Meyrin	Route du Nant d'Avril 150	Others	20.3	0.0	0.0	–	21'972	–	–	–	2.0	Building right	100%	–	–	–	–	33,448	–	–	–	–	688	34,136		
29004	GE	Meyrin	Route du Nant d'Avril 150, Pavillon	Others	1.1	0.0	0.0	–	952	–	–	–	3.4	Building right	100%	–	–	–	–	–	–	–	–	–	–			
29005	GE	Meyrin	Route du Nant d'Avril 150, LEM	Others	12.8	0.0	0.0	–	5'540	–	–	–	3.2	Building right	100%	–	–	–	–	3,247	–	3,046	–	–	6,988			
30101	ZH	Aathal	Plot no. 3990	Others	1.2	0.1	0.1	100%	8'163	–	–	–	4.8	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–		
30201	ZH	Aathal	Zürichstrasse 27/33–39, Gestalderstrasse 4	Residential	6.4	0.2	0.1	69%	23'938	1850	1870	1990	4.1	Sole ownership	100%	–	–	–	1,600	–	4,670	–	–	–	–	6,270		
30403	ZH	Aathal	Gstalderstrasse 3	Industrial	0.8	0.0	0.0	100%	1'067	1870	–	1993	5.3	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–		
30602	ZH	Aathal	Chälenweg 1/11/164, Aretsh. 1–7/11–21/158	Residential	2.5	0.2	0.2	99%	10'069	1440	–	1988	4.4	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–		
30603	ZH	Aathal	Zürichstrasse 22–24	Res. mixed	2.0	0.2	0.1	74%	3'567	1870	1860	1989	4.6	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–		
30801	ZH	Wetzikon	Usterstr. 200–202/206, Zürichstr. 119–121	Industrial	5.8	0.4	0.3	79%	14'653	1872	1900	1993	5.3	Sole ownership	100%	–	–	1,428	–	2,605	1,416	–	375	1294	–	373	7,491	
30906	ZH	Wetzikon	Schönaustrasse 5–13	Residential	10.3	0.2	0.2	86%	17'055	–	–	–	1943	2.8	Sole ownership	100%	–	–	2,410	2,500	–	–	920	–	400	6,230		
30907	ZH	Wetzikon	Schönaustrasse 9	Others	21.5	0.1	0.1	100%	8'267	–	–	–	3.1	Sole ownership	100%	–	–	–	–	7,600	–	–	–	–	–	7,600		
30908	ZH	Wetzikon	Weststrasse 26–28	Residential	5.7	0.0	0.0	100%	2'444	1800	1896	–	3.1	Sole ownership	100%	–	–	–	–	1,508	–	–	–	–	–	1,508		
31501	TG	Frauenfeld	Walzmühlestrasse 47	Office	10.8	0.2	0.2	96%	4'564	1926	2017	–	3.4	Sole ownership	100%	–	–	–	–	1,550	–	557	–	257	–	327	2,691	
31502	TG	Frauenfeld	Walzmühlestrasse 49	Res. mixed	12.1	0.4	0.3	64%	2'043	1922	2017	–	3.9	Sole ownership	100%	–	–	–	–	1,623	1,392	–	349	146	–	–	3,510	
31503	TG	Frauenfeld	Walzmühlestrasse 51	Res. mixed	10.1	0.0	0.0	–	10'863	1832	2017	–	3.3	Sole ownership	100%	–	–	4,246	–	–	–	–	–	–	171	–	4,417	
31504	TG	Frauenfeld	Walzmühlestrasse Parking	Others	2.0	0.0	0.0	48%	3'340	–	–	–	4.2	Sole ownership	100%	–	–	–	–	6,263	–	–	–	–	–	–	6,263	
31602	NE	Neuchâtel	Plot no. 10729	Others	4.4	0.0	0.0	–	3'419	–	–	–	2.0	Sole ownership	100%	–	–	–	–	5,500	–	–	–	–	–	–	5,500	
31701	SO	Dornach	Weidenstrasse 50	Industrial	34.6	0.8	0.8	95%	136'685	1895	–	–	4.5	Sole ownership	100%	–	–	–	–	20,000	10,000	–	10,000	–	–	–	40,000 ⁴	
32105	AG	Windisch	Kunzareal – Zentrum West	Industrial	1.0	0.1	0.1	100%	2'481	1827	1890	–	4.0	Sole ownership	100%	–	–	–	–	2,437	–	–	–	–	–	–	2,437	
34001	AG	Brugg	Wildschachenstrasse 12–14	Office	5.0	0.6	0.5	95%	11'080	1960	–	–	4.7	Sole ownership	100%	–	–	–	–	3,439	–	–	–	–	313	–	3,752	
34002	AG	Brugg	Wildschachenstrasse 16	Industrial	16.7	1.4	1.1	79%	33'505	1960	–	–	4.9	Sole ownership	100%	–	–	–	–	–	13,520	–	–	–	–	–	13,520	
36101	SO	Biberist	Fabrikstrasse 2–8	Others	3.9	0.4	0.0	10%	22'524	1937	–	–	5.2	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	
36102	SO	Biberist	Fabrikstrasse 14–34	Industrial	14.9	0.0	0.0	–	44'000	1972	1990	–	6.0	Sole ownership	100%	–	–	–	–	–	–	–	–	30,954	15,000	1,460	47,414	
36103	SO	Biberist	Fabrikstrasse 57–115	Industrial	10.9	0.7	0.7	100%	40'000	1946	1991	–	5.6	Sole ownership	100%	–	–	–	–	–	–	–	–	33,952	14,000	–	47,952	
36105	SO	Biberist	Fabrikstrasse 1–29	Industrial	5.0	0.3	0.2	66%	19'000	1932	1947	–	5.9	Sole ownership	100%	–	–	–	–	–	–	–	–	–	20,110	–	20,110	
36106	SO	Biberist	Fabrikstrasse 3–35	Industrial	1.7	0.0	0.0	–	18'962	1903	1939	–	6.0	Sole ownership	100%	–	–	–	–	–	–	–	–	5,257	22,010	–	27,267	
36107	SO	Biberist	Fabrikstrasse 31–85	Industrial	0.5	0.0	0.0	–	16'000	1946	–	–	6.1	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	11,000	
36108	SO	Biberist	Fabrikstrasse Insel	Industrial	4.0	0.5	0.5	90%	60'400	1991	–	–	5.7	Sole ownership	100%	–	–	–	–	–	–	–	–	17,700	–	–	17,700	
36109	SO	Biberist	Derendingerstrasse 27–29	Others	7.6	0.0	0.0	–	44'183	–	–	–	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	
36204	SO	Biberist	Derendingerstrasse 16 (Plot no. 944, 1172, 1179)	Others	0.4	0.0	0.0	–	–	–	–	–	2.0	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	
40101	AG	Menziken	Hauptstrasse 85	Others	7.4	0.0	0.0	–	10'717	1911	–	–	7.0	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	8,240	–	8,240
61101	BL	Aesch	Industriestrasse 45–61	Industrial	11.6	0.9	0.8	87%	35'932	1900	1940	–	4.7	Sole ownership	100%	–	–	–	–	27,000	–	–	–	27,000	–	–	–	54,000
63001	BL	Pratteln	Güterstrasse 23–29, Gempenstrasse 6/6a	Industrial	20.2	0.0	0.0	–	31'585	1949	2002	–	4.5	Sole ownership	100%	–	–	–	–	–	–	–	–	–	–	–	–	–
72001	AG	Hausen	Hauptstrasse 96	Others	6.2	0.0	0.0	–	27'235	–	–	–	2.0	Sole ownership	100%	Yes	Yes	–	–	4,320	–	–	–	–	–	–	–	16,310
72002	AG	Lupfig	Hauptstrasse 98–100	Others	11.8	0.0	0.0	–	34'933	–	–	–	2.0	Sole ownership	100%	Yes	Yes	–	–	2,600	–	–	–	–	–	–	–	16,100
Total				Total	503.3	10.0	8.5	84.8%	922'619									40,459	73,221	139,901	43,372	186,745	75,648	35,637	594,983			

¹ Others refer to land, building rights, parking, official use, power plant, datacenter; Res. mixed refers to properties with residential and commercial use.

² Net site area does not include agricultural land and land without utilisation (total approximately 1 million m²).

³ Second building phase.

⁴ According to the Masterplan as at December 2012 between 120'000 and 130'000 sqm could be developed, only 40'000 sqm have been planned as of 30 June 2018.

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